

VIRGINIA DEPARTMENT OF MINES, MINERALS AND ENERGY

VIRGINIA GAS AND OIL BOARD HEARING

Tuesday, February 20, 2018

Lebanon, Virginia

BOARD MEMBERS:

Bradley C. Lambert – Chairman

Donnie Rife – Public Member

Mary Quillen – Public Member

Rita Surratt – Public Member

APPEARANCES:

Rick Cooper—Director of the Division of Gas & Oil and
Principal Executive to the Staff of the Board

Paul Kugelman, Jr.—Sr. Assistant Attorney General
(via Teleconference)

Sarah Gilmer – Staff Member of the Division of Gas & Oil

Sally Ketron - Staff Member of the Division of Gas & Oil

Prepared by: Joanna Boyd

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Butch Lambert: We'll begin our proceedings this morning, and I'll start off by asking if you have communication devices, such as cell phones, to please put those on vibrate or put them on mute. If you have to take a call, please do so outside so that we can hear these proceedings being recorded. I'd like to begin this morning by asking the Board members to please introduce themselves and I'll begin with Ms. Surratt.

Rita Surratt: I'm Rita Surratt, Public Member; from Dickenson County.

Butch Lambert: And I'm Butch Lambert, with the Department of Mines, Minerals, and Energy.

Donnie Rife: Donnie Rife; Public Member of Dickenson County.

Mary Quillen: Mary Quillen, Public Member.

Butch Lambert: On the phone, we have our Senior Assistant to the Attorney General from Richmond, Paul Kugelman. Paul, would you introduce yourself, please?

Paul Kugelman, Jr.: Yes, I'm Paul Kugelman with the Virginia Attorney General's Office.

Butch Lambert: Thank you.

Item Number 1

Butch Lambert: We'll begin this morning by opening up these proceedings to public comment and I have on the sign-up sheet, Amy Childress. Would you please come forward for public comment? Okay, we'll continue on.

Item Number 2

Butch Lambert: The next item on the agenda is the Board will hear from First Bank and Trust, the escrow agent for the Gas and Oil Board, and we'll hear the Quarterly and Year-end Report.

Butch Lambert: Good morning.

Jody Maney: Good morning. This is for the Fourth Quarter 2017. So, this is our year-to-date information for 2017. Starting on Page 3, this is our Fourth Quarter Summary. It had a beginning balance as of October 2017, \$11,495.124.55; deposits coming in for the quarter is \$144,119.65; interest earned, \$10,063.07; fees coming out of \$2,803.54; total disbursements for the quarter, \$816,344.69; giving us an ending balance for 12/31/17 of \$10,830,159.05. If you'll look on the year-to-date column, this is for 2017. Total disbursements for 2017 was \$8,252,786.75. That's a total of 4,490 checks for 2017.

Butch Lambert: Did your hand get tired?

1 **Jody Maney:** Yes [laughs] And based on my calculations, we've paid out, roughly, 1,600
2 different people in 2017.

3 **Donnie Rife:** That's a big difference from a view years ago, isn't it?

4 **Jody Maney:** Yes. Big difference.

5 **Rick Cooper:** Mr. Chairman, I would point out that is the most disbursed out in one year and
6 most likely will be the most ever disbursed out.

7 **Jody Maney:** And that does include the Yellow Poplar accounts, in 2017. The next several pages
8 are the outstanding checks. These are checks that have been issued that have not been cashed yet.

9 **Donnie Rife:** People are just not cashing them?

10 **Jody Maney:** Not cashing them.

11 **Donnie Rife:** I can't imagine somebody sending me a check and me not cashing it.

12 **Butch Lambert:** So, am I reading that correct, \$131,000? Just over \$131,000 still outstanding?

13 **Jody Maney:** Yes, still outstanding. And, those were issued through the end of the year.

14 **Donnie Rife:** These are people that signed the W-9's?

15 **Jody Maney:** Signed the W-9's.

16 **Donnie Rife:** Confirmation on residency and they're just not cashing their check.

17 **Jody Maney:** Yes, they're just not cashing their checks. So, the total is on Page 49, \$131,000
18 outstanding. Page 50 lists the checks that will be escheated in 2018 and 2019. We escheated
19 checks for 2017 in October, so those have already been sent to the state. This is a breakdown of
20 what will be escheated in 2018 and what will be escheated in 2019.

21 **Butch Lambert:** And I'll ask again, I know we continue to do this, but, it's looks like that
22 there's only a couple of people that has these outstanding checks. Have we've tried one more
23 time?

24 **Rick Cooper:** Yes, so what we do every year and we've done it a couple times. Of course, we
25 update out website and then we send out a letter to these people trying to let them know, and we
26 get zero response, but we do continue to do that and will continue to send out the letters, trying
27 to get these people to respond. For whatever reason, they just don't want to cash the checks, so I
28 don't really have an explanation for that. They just don't cash the checks.

29 **Donnie Rife:** Do they have any type of conflict with the amount of money they're getting or
30 some reason they think if the cash the check, they're buckling under?

1 **Rick Cooper:** That's part of it. You know, sometimes it's small amounts, sometimes it's large
2 amounts, but I don't have a good answer for that, but we continue to try to get a hold of these
3 people to encourage them to cash the checks. We do continue to do that, and we update our
4 website on that also. We communicate with Ms. Maney quite often before she does this to make
5 sure we send out the letter. I think we've been a little bit successful, but not real well. They just
6 don't respond.

7 **Donnie Rife:** You all have done a great job, though, believe me.

8 **Jody Maney:** We've tried to get the people their money.

9 **Donnie Rife:** Yeah, we've seen banks that didn't do a great job.

10 **Butch Lambert:** There's a couple, and I don't want to keep, you know, belaboring this point
11 about a couple of these folks, but ACIN, LLC, the major land holding company is, is there
12 something we're not getting?

13 **Rick Cooper:** We will contact Steve Smith there, and see if he can't, that's our best contact,
14 Steve is the Chief Engineer, and see if he can't get the land department or someone to
15 acknowledge that. We will do that.

16 **Butch Lambert:** Okay, thank you.

17 **Jody Maney:** The next several pages are the funded units, and this is only December's
18 information. This lists each account, their beginning balance, the deposits coming in for the
19 month, the interest earned for the month, the fees coming out, any distributions, and the ending
20 balance for each account. The total is on Page 65. Several pages are the people that have not
21 turned in their W-9's, and most of these consist of EnerVest people. I have been working closely
22 with EnerVest to try to clear these up as much as possible. We did have several that we cleared
23 up in 2017, but you can see there are still several on here.

24 **Mary Quillen:** Yeah, there are. That's a lot. Almost 500.

25 **Donnie Rife:** Do we have, like a confirmation on residency and everything? They just haven't
26 filled out a W-9?

27 **Jody Maney:** They have not filled out a W-9. There's \$45,968 sitting in that account. Just
28 waiting on a W-9 for people to fill out and send in to the gas companies.

29 **Rick Cooper:** So, just to let the Board know, Jody and I have talked about this. There's some
30 duplications on that. Some people may have four or five checks. I think about 474 accounts, but
31 there's only 203 separate people.

1 **Mary Quillen:** Oh, that's...yeah, I noticed that that there are some, well, here's one that's got
2 one, two, three, four, five, six, seven, eight, nine, ten, eleven, twelve, thirteen, fourteen, fifteen,
3 sixteen, seventeen. One person has seventeen checks here.

4 **Rick Cooper:** Is that the Wilson?

5 **Jody Maney:** Then on Page 73, this gives our annual distributions since First Bank and Trust
6 became escrow agent in 2010, all the way through the total of 2017, give you the royalty and
7 working income, the distributions going out, and a graph showing each year. You can see in
8 2017, 594,000 came in and over 8 million went out. Page 74 is just a snapshot of the investment
9 of the funds. Right now, all of your money is invested in the money market account. You have
10 over \$10 million in the money market account. The interest rates have gone up. They are over
11 1% on the money market account right now. So, you don't have any in Cedars and nothing in
12 CD's, at this point.

13 **Mary Quillen:** That balance is about what we had been keeping in the fluid account for
14 distribution, isn't it? The \$10,830?

15 **Jody Maney:** That's what we have had in the money market account, probably the last six
16 months. I don't think we've had any Cedars or CD's for the last six months. I think June is when
17 they all redeemed. So, at that point, everything went into the money market account.

18 **Donnie Rife:** At one percent?

19 **Jody Maney:** 1.35 was the last that I had.

20 **Donnie Rife:** That's awesome for \$10 million, isn't it?

21 **Jody Maney:** Yes.

22 **Butch Lambert:** At the rate we're disbursing, do we even feel comfortable with \$10 million in
23 the money market?

24 **Donnie Rife:** Well, it's secure. You know? It's a no-risk.

25 **Mary Quillen:** Yeah, I think so. That's why I was addressing that. I do, I think we would be
26 comfortable keeping that in.

27 **Butch Lambert:** Okay.

28 **Mary Quillen:** I mean, personally, but I'm a very conservative person and I tend to make sure
29 that there's a balance.

30 **Donnie Rife:** If it was our money, I would prefer to invest a little bit, but since it's not our
31 money, I think the best thing for us to do is keep it.

1 **Jody Maney:** Leave it in the money market account?

2 **Donnie Rife:** Yeah.

3 **Mary Quillen:** I think so.

4 **Butch Lambert:** Just wanted to throw that out to the Board. Thank you.

5 **Jody Maney:** The next page is the rate comparison. So, this gives you the Cedars Rates, if
6 you're interested, Treasury Rates, and then the Brokerage CD Rates.

7 **Butch Lambert:** Some good rates if we wanted to do that.

8 **Mary Quillen:** Treasury Rates and I'm not a Treasury Rate, a fan.

9 **Butch Lambert:** Well, if we could, at the rate we're disbursing, if a lot of it was tied up in other
10 funds, then it would be an issue for us, so I think leaving it where.

11 **Mary Quillen:** Yeah, even though those are attractive rates.

12 **Butch Lambert:** Okay.

13 **Mary Quillen:** I mean, I do feel like that we need to be prepared to take care other peoples
14 money when we get all the paperwork that we can disburse it without.

15 **Jody Maney:** Any other questions?

16 **Butch Lambert:** No, ma'am. Thank you.

17 **Jody Maney:** Thank you.

18 **Mary Quillen:** Great. Thank you. Great job. Great job.

19 **Butch Lambert:** Paul, can you hear okay?

20 **Paul Kugelman, Jr.:** I can hear fine.

21 **Butch Lambert:** Let us know if at any time you're having trouble hearing.

22 **Paul Kugelman, Jr.:** [Indiscernible 13:43] Go ahead.

23 **Butch Lambert:** Excuse me, Paul?

24 **Paul Kugelman, Jr.:** Nothing. I'm good. I can hear you all good.

25 **Butch Lambert:** Okay. Thanks, Paul. Mr. Pennington, is that you that just walked in?

26 **Mr. Pennington:** Yes.

1 **Butch Lambert:** We went beyond, already, the public comments period, but if the other parties
2 that's on the petition don't mind to allow Mr. Pennington to come on up during Public Comment
3 period, we'll hear you at this time.

4 **Mr. Pennington:** I'll just forgo that.

5 **Butch Lambert:** Okay, alright.

6 **Item Number 3**

7 **Butch Lambert:** A petition from Nytis Exploration Company, LLC. The applicant requests the
8 Virginia Gas & Oil Board to enter an order of transferring the right to operate all units listed in
9 the application that were established by the Board Order from Cabot Oil & Gas to Nytis
10 Expiration. This is Docket Number VGOB-18-0220-4165. All parties wishing to testify, please
11 come forward.

12 **George Mason:** My name is George Mason, Attorney, George Mason Law Firm, PSC, located
13 in Lexington, KY, but licensed to practice law here in Virginia and other states. And with me, as
14 our witness, is Jacqueline Richardson, Nytis Exploration Company, LLC.

15 **Sarah Gilmer:** Ms. Richardson, do you swear and affirm that your testimony is the truth, the
16 whole truth, and nothing but the truth?

17 **Jacqueline Richardson:** I do.

18 **Butch Lambert:** Thank you. You may proceed, Mr. Mason.

19 **George Mason:** Thank you. Okay, please state your full name.

20 **Jacqueline Richardson:** Jacqueline Richardson.

21 **George Mason:** And where do you work?

22 **Jacqueline Richardson:** I work for Nytis Exploration Company.

23 **George Mason:** And what's your position at that company?

24 **Jacqueline Richardson:** I'm the Senior Land Analyst. I'm also a Paralegal.

25 **George Mason:** And you participated in preparation of this application, is that correct?

26 **Jacqueline Richardson:** Yes, I did.

27 **George Mason:** And can you tell the Board who drilled the original wells, for which this
28 changed of operatorship petition has been filed?

1 **Jacqueline Richardson:** All of the wells were originally drilled by Cabot Oil & Gas
2 Corporation.

3 **George Mason:** Does Nidus have a bond on file with the department?

4 **Jacqueline Richardson:** Yes, we do. \$75,000.

5 **George Mason:** And, is it authorized to conduct business in the Commonwealth?

6 **Jacqueline Richardson:** Yes, we are.

7 **George Mason:** Okay, that's all I have Mr. Chairman. Subject to questions from the Board
8 Members.

9 **Butch Lambert:** Any questions from the Board?

10 **Mary Quillen:** My computer has gone down. I can't pull up this...

11 **Butch Lambert:** Did you have any questions, or could you even, was you able to review it?

12 **Mary Quillen:** I did, but I need to look at it. I'm sorry.

13 **Butch Lambert:** Okay.

14 **Sarah Gilmer:** I have paper copies if you would like to look at those.

15 **Rick Cooper:** Just hold on right on please. We got it.

16 **[Pause]**

17 **Mary Quillen:** Okay, I don't have any questions, I guess.

18 **Butch Lambert:** Anything further, Mr. Mason?

19 **George Mason:** No, sir.

20 **Butch Lambert:** Do we have a motion?

21 **Donnie Rife:** Motion made for approval, Mr. Chair.

22 **Rita Surratt:** Second.

23 **Butch Lambert:** I have a motion and I have a second. Any further discussion? [No response] All
24 in favor, signify by saying yes.

25 **Board:** Yes.

26 **Butch Lambert:** Opposed, no? [No response]

1 **Butch Lambert:** Thank you, Mr. Mason, that one is approved.

2 **Donnie Rife:** I hate you guys had to come all the way down here just for that. [laughs]

3 **Item Number 4**

4 **Butch Lambert:** A petition from CNX Gas Company, LLC for repooling under Oakwood
5 Coalbed Methane Gas Field Unit 1. Docket Number VGOB-07-0417-1915-05. All parties
6 wishing to testify, please come forward.

7 **Donnie Rife:** I was told no matter how late I get here, you always come in behind me.

8 **Anita Duty:** That's probably right. Bad reputation I have.

9 **Mark Swartz:** She makes a grand entrance, so he never upstages you. [laughs]

10 **Sarah Gilmer:** Ms. Duty, do you swear that your testimony is the truth, the whole truth, and
11 nothing but the truth?

12 **Anita Duty:** Yes.

13 **Mark Swartz:** In answer to your inquiry, Mark Swartz and Anita Duty.

14 **Butch Lambert:** You may proceed, Mr. Swartz.

15 **Mark Swartz:** Thank you. Anita, we are starting with a repooling, correct?

16 **Anita Duty:** Yes.

17 **Mark Swartz:** Item 4 on the Docket today?

18 **Anita Duty:** Yes.

19 **Mark Swartz:** And the reasons that we're re-pooling, actually I think there are three reasons, if
20 I'm not mistaken?

21 **Anita Duty:** There is.

22 **Mark Swartz:** And what are they?

23 **Anita Duty:** We are going to add a well and we are identifying all the owners within the Estate
24 on Tract 2A, or 2B. And, we have some small acreage changes.

25 **Mark Swartz:** And if we look at, probably be good to look at, we'll come back to the
26 foundation issues, but let's take a quick look at the plat here. This is an Oakwood Unit, correct?

27 **Anita Duty:** It is.

- 1 **Mark Swartz:** And it must be on a boundary because it's 89.45 acres?
- 2 **Anita Duty:** It is.
- 3 **Mark Swartz:** Okay. And, is most of this unit leased?
- 4 **Anita Duty:** It is.
- 5 **Mark Swartz:** What piece of this unit, that's depicted on the plat, is not leased?
- 6 **Anita Duty:** Tract 2B.
- 7 **Mark Swartz:** Okay, so that little tiny triangle?
- 8 **Anita Duty:** Yes.
- 9 **Mark Swartz:** To the right of the drilling window at the boundary of the unit?
- 10 **Anita Duty:** Yes.
- 11 **Mark Swartz:** Okay, and was there an heirship in that tract?
- 12 **Anita Duty:** There is.
- 13 **Mark Swartz:** Okay, and one of the reason we're here today is we have done more due
14 diligence and have really made some progress on that heirship and we want to re-pool the folks
15 in that heirship?
- 16 **Anita Duty:** Yes.
- 17 **Mark Swartz:** Okay. And, at the end of the day, the only people that would have an opportunity
18 to participate at this juncture, in both wells, would be the people in 2B?
- 19 **Anita Duty:** Correct.
- 20 **Mark Swartz:** But the percentages for all three tracts; tract 1, 2A, and 2B, have slightly
21 changed?
- 22 **Anita Duty:** They have.
- 23 **Mark Swartz:** Okay, and the acreage has slightly changed?
- 24 **Anita Duty:** Yes.

1 **Mark Swartz:** So as a result of that, in addition to identifying people and re-pooling them in
2 2B, there's another reason to give, if we had these people in 1 and 2, an opportunity to
3 participate, but since they're all leased, we don't have to worry about that?

4 **Anita Duty:** That's right.

5 **Mark Swartz:** Okay, but the people in 2B would have an opportunity to participate in both
6 wells?

7 **Anita Duty:** Yes.

8 **Mark Swartz:** Okay, and have you filed a revised tract identification to go with the revised
9 map?

10 **Anita Duty:** Yes.

11 **Mark Swartz:** Okay. With that in mind then, let's go back and deal with some foundation
12 issues. First of all, who do you work for.

13 **Anita Duty:** CNX Land Resources.

14 **Mark Swartz:** Okay, and what do you do for them?

15 **Anita Duty:** Pooling Supervisor.

16 **Mark Swartz:** Okay, and did you either prepare yourself or supervise the preparation of this
17 application?

18 **Anita Duty:** I did.

19 **Mark Swartz:** Okay. And you signed it?

20 **Anita Duty:** I did.

21 **Mark Swartz:** And, you have one well already drilled within this unit?

22 **Anita Duty:** There's actually two.

23 **Mark Swartz:** There's actually two?

24 **Anita Duty:** Yes.

25 **Mark Swartz:** So, we've gotten a permit and we have a second well, and are the locations of
26 those two wells depicted on the plat?

27 **Anita Duty:** Yes.

1 **Mark Swartz:** One's in the drilling window and one is to the North of the drilling window?

2 **Anita Duty:** Yes.

3 **Mark Swartz:** Okay. And, have you provided us with cost estimates for those two wells?

4 **Anita Duty:** Yes.

5 **Mark Swartz:** And what are your estimates?

6 **Anita Duty:** For Well FF-41, it is \$246,895.48, and for FF-41A, estimated cost of \$405,293.00.

7 **Mark Swartz:** Who's the applicant here?

8 **Anita Duty:** CNX Gas Company.

9 **Mark Swartz:** And on the re-pooling, is CNX Gas Company requesting that it continue to act as
10 operator?

11 **Anita Duty:** Yes.

12 **Mark Swartz:** Okay. And, does CNX Gas Company have a bond on file?

13 **Anita Duty:** It does.

14 **Mark Swartz:** Has it registered with the DMME and the DGO?

15 **Anita Duty:** Yes.

16 **Mark Swartz:** Is it a Virginia Limited Liability company authorized to do business in the
17 Commonwealth?

18 **Anita Duty:** Yes.

19 **Mark Swartz:** And what terms are you proposing that the Board offer to people who might be
20 deemed to have been leased at the end of the day here?

21 **Anita Duty:** A \$5.00 per acre, per year, with a 1/8 royalty.

22 **Mark Swartz:** And what did you do to inform people that we would be having a hearing today?

23 **Anita Duty:** We published the notice and the location map in the Virginia Mountaineer on
24 January 18th, 2018, and mailed by Certified Mail, Return Receipt Requested on January 18th.

25 **Mark Swartz:** So, you published and mailed, and you filed that information with the Board?

1 **Anita Duty:** Yes.

2 **Mark Swartz:** Do you want to add any respondents to the list that you have in your application
3 and notice in Exhibit B?

4 **Anita Duty:** No.

5 **Mark Swartz:** Do you want to dismiss anybody?

6 **Anita Duty:** No.

7 **Mark Swartz:** Have you provided the Board with a revised Exhibit E?

8 **Anita Duty:** Yes.

9 **Mark Swartz:** And there's still some escrow requirements here, correct?

10 **Anita Duty:** There is, until we get all of the documentation from the heirs.

11 **Mark Swartz:** Okay. And the unleased acreage that you are seeking to pool is in B3? I'm sorry,
12 is it B3?

13 **Anita Duty:** Yes.

14 **Mark Swartz:** What amount of acreage?

15 **Anita Duty:** 0.0136.

16 **Mark Swartz:** And as a percentage of the unit, what's the percentage?

17 **Anita Duty:** 0.0152%

18 **Mark Swartz:** And the Exhibit E, that's the acreage and the percent's that are in escrow.
19 Correct?

20 **Anita Duty:** I believe so.

21 **Mark Swartz:** Let me go through and make sure. There's the Exhibit E, actually no.

22 **Anita Duty:** It's a little bit smaller.

23 **Mark Swartz:** Okay. What are the acres in escrow?

24 **Anita Duty:** 0.0452.

25 **Mark Swartz:** And a percentage?

1 **Anita Duty:** 0.0505%.

2 **Mark Swartz:** And have you also provided the Board with a revised Exhibit EE, which has a
3 going forward payment schedule?

4 **Anita Duty:** Yes.

5 **Mark Swartz:** And is it your opinion that adding a second frack well to this unit is a reasonable
6 way to continue to develop the coalbed methane in the unit?

7 **Anita Duty:** Yes.

8 **Mark Swartz:** And is it your opinion that if you combine this re-pooling order, if it is granted,
9 with the leases that you obtained for the bulk of the unit, the correlative rights of all of the
10 owners of the coalbed methane would be protected?

11 **Anita Duty:** Yes.

12 **Mark Swartz:** That's all I have, Mr. Chairman.

13 **Butch Lambert:** Any questions from the Board? [No response] A couple question, did you
14 testify that both those wells have been drilled?

15 **Anita Duty:** Yes.

16 **Butch Lambert:** Okay. And I know you're going to think I'm really, really picky on this one,
17 but your total estimated cost for both those wells, don't add up to your, what you have estimated
18 for each column. You missed it by 0.48 cents.

19 **Anita Duty:** Oh, that's right. It's different from ours, yeah, \$652,188.48. Sorry.

20 **Donnie Rife:** It's good you got that cleared up.

21 **Butch Lambert:** Any other questions from the Board? [No response] Anything further Mr.
22 Swartz?

23 **Mark Swartz:** No.

24 **Butch Lambert:** Do I have a motion?

25 **Donnie Rife:** Motion made for approval, Mr. Chair.

26 **Butch Lambert:** Do I have a second?

27 **Mary Quillen:** Second.

1 **Butch Lambert:** I have a motion and I have a second. Any further discussion? [No response] All
2 in favor, signify by saying yes.

3 **Board:** Yes.

4 **Butch Lambert:** Opposed, no? [No response] Thank you, Mr. Swartz. That is approved.

5 **Item Number 5**

6 **Butch Lambert:** A petition from CNX Gas Company, LLC, for pooling under Oakwood
7 Coalbed Methane Gas Field Unit 1. Docket Number VGOB 18-0220-4157. All parties wishing
8 to testify, please come forward.

9 **Mark Swartz:** Mark Swartz and Anita Duty.

10 **Butch Lambert:** You may proceed, Mr. Swartz.

11 **Mark Swartz:** Thank you. Anita, would you state your name for us again, please?

12 **Anita Duty:** Anita Duty.

13 **Mark Swartz:** I'd like to incorporate her testimony, with regard to her employment, standard
14 lease terms, the basic information with regard to the applicant?

15 **Butch Lambert:** Accepted.

16 **Mark Swartz:** Thank you. This is a petition for pooling. Correct?

17 **Anita Duty:** It is.

18 **Mark Swartz:** It pertains to what unit?

19 **Anita Duty:** B-28

20 **Mark Swartz:** And that unit is what field?

21 **Anita Duty:** The Oakwood 1 field.

22 **Mark Swartz:** And what did you do to notify people that might be interested that we were
23 going to have a hearing today?

24 **Anita Duty:** Mailed by Certified Mail, Return Receipt Requested on January 16, 2018, and
25 published in the Virginia Mountaineer, the notice and location map, on January 18th.

26 **Mark Swartz:** And have you filed your certificates, with regard to mailing with regard to
27 publication, with the DGO?

28 **Anita Duty:** We have.

1 **Mark Swartz:** With regard to the outstanding interest that you're seeking to pool here, what is
2 that percentage?

3 **Anita Duty:** 6.5%.

4 **Mark Swartz:** And you have leased what percentage of the unit?

5 **Anita Duty:** 93.5%.

6 **Mark Swartz:** How many wells are involved here?

7 **Anita Duty:** Two.

8 **Mark Swartz:** And have you provided cost estimates for both of them?

9 **Anita Duty:** Yes.

10 **Mark Swartz:** And what are those estimates?

11 **Anita Duty:** For B-28, it \$427,630.00; B-28A, \$425,630.00

12 **Mark Swartz:** And have these wells been drilled as yet?

13 **Anita Duty:** No.

14 **Mark Swartz:** In fact, neither one of them have a permit?

15 **Anita Duty:** Correct.

16 **Mark Swartz:** Do you want to add anybody to the list of people that you listed as respondents
17 in the notice, the application, and B3?

18 **Anita Duty:** No.

19 **Mark Swartz:** Do you want to dismiss anyone?

20 **Anita Duty:** No.

21 **Mark Swartz:** Look at the plat. 80-acre unit, correct?

22 **Anita Duty:** Yes.

23 **Mark Swartz:** And, we've already said it's in the Oakwood field?

24 **Anita Duty:** Yes.

1 **Mark Swartz:** And in this instance, both of the proposed wells are within the drilling unit?

2 **Anita Duty:** They are.

3 **Mark Swartz:** With regard to escrow, you've provided, I believe...we're escrowing the

4 heirship tract, correct?

5 **Anita Duty:** Yes.

6 **Mark Swartz:** Which is the Compton heirs issue?

7 **Anita Duty:** It is.

8 **Mark Swartz:** At the end of the B3 exhibit, which is the estate we are seeking to pool, there is a

9 statement, with regard to the acres and the percent to be escrowed?

10 **Anita Duty:** Yes.

11 **Mark Swartz:** What is the acreage in that estate?

12 **Anita Duty:** 6.5 acres.

13 **Mark Swartz:** And the percent of the unit is what?

14 **Anita Duty:** 8.125%

15 **Mark Swartz:** And other than estate and that acreage, there's no other escrow requirement?

16 **Anita Duty:** Correct.

17 **Mark Swartz:** Have you provided the Board with an Exhibit EE for the going forward

18 payments?

19 **Anita Duty:** I don't think there is one.

20 **Mark Swartz:** Back to the plat here. With regard to drilling of two wells in this 80-acre unit, is

21 it your opinion that is a reasonable, or will be a reasonable way to develop the Coalbed Methane

22 resource?

23 **Anita Duty:** Yes.

24 **Mark Swartz:** Is it your further opinion that if the Board were to pool this unit and pool the

25 folks identified in Exhibit B3 and the estate identified in Exhibit B3, and you combine that

26 pooling order with your lease agreements, that the correlative rights of everyone interested in the

27 Coalbed Methane in this unit would be protected?

1 **Anita Duty:** Yes.

2 **Mark Swartz:** That's all I have, Mr. Chairman.

3 **Butch Lambert:** Any questions from the Board? [No response] Anything further, Mr. Swartz?

4 **Mark Swartz:** No.

5 **Butch Lambert:** Do I have a motion?

6 **Donnie Rife:** Motion made for approval, Mr. Chair.

7 **Butch Lambert:** Do I have a second?

8 **Mary Quillen:** Second.

9 **Butch Lambert:** I have a motion and I have a second. Any further discussion? [No response] All
10 in favor, signify by saying yes.

11 **Board:** Yes.

12 **Butch Lambert:** Opposed, no? [No response] Thank you, Mr. Swartz. That one is approved.

13 **Mark Swartz:** Thank you.

14 **Item Number 6**

15 **Butch Lambert:** A petition from CNX Gas Company, LLC, for (1) the disbursement of
16 escrowed funds heretofore deposited with the Board's Escrow Agent, attributable to a portion of
17 Tract 4, as depicted upon the annexed Exhibit A-1; and (2) authorization to begin paying
18 royalties directly to the parties listed in the petition. This is Docket Number VGOB 12-0417-
19 3047-03. All parties wishing to testify, please come forward.

20 **Mark Swartz:** Mark Swartz and Anita Duty.

21 **Butch Lambert:** You may proceed, Mr. Swartz.

22 **Mark Swartz:** Anita, this is a pretty simple application, correct?

23 **Anita Duty:** It is.

24 **Mark Swartz:** We found two people?

25 **Anita Duty:** Yes.

26 **Mark Swartz:** And, we would like to pay them out of escrow?

1 **Anita Duty:** Yes.

2 **Mark Swartz:** And this pertains to drilling Unit A32?

3 **Anita Duty:** It is.

4 **Mark Swartz:** Did you give those folks that you were going to have a hearing today?

5 **Anita Duty:** We did.

6 **Mark Swartz:** And, have you provided at Table 1, how your proposing that the escrow agent
7 pay them?

8 **Anita Duty:** Yes.

9 **Mark Swartz:** And the escrow agent should be directed to pay Cynthia Rhodes and Verna
10 Napier. And you've provided addresses?

11 **Anita Duty:** Yes.

12 **Mark Swartz:** And how should the escrow agent be ordered to calculate the payment amount
13 and make the payment?

14 **Anita Duty:** Based on the percent of the escrowed funds, which would be 2.6709% for the
15 balance.

16 **Mark Swartz:** So, the escrow agent should use that percentage, multiply it times the balance on
17 hand, when the check amount is calculated, and that will generate the number?

18 **Anita Duty:** Yes.

19 **Mark Swartz:** And going forward, we're asking for the ability to pay these folks directly, once
20 the amount accumulates to the threshold?

21 **Anita Duty:** Yes.

22 **Mark Swartz:** And have you provided revised Exhibit E, taking the amount, obviously?

23 **Anita Duty:** Yes.

24 **Mark Swartz:** And, I think this one does have a revised EE. Yes, it does. And then, did you do
25 a reconciliation?

26 **Anita Duty:** We did.

27 **Mark Swartz:** So, we have an Exhibit J?

1 **Anita Duty:** We do.

2 **Mark Swartz:** And when you went and looked for a deposit corresponding to all of the checks
3 that the operator cut over the years, were you able to find a corresponding deposit in all
4 instances?

5 **Anita Duty:** We were.

6 **Mark Swartz:** And then you did a calculation or an estimate at the end to compare your
7 calculated balance to the bank balance. Right?

8 **Anita Duty:** Yes.

9 **Mark Swartz:** And the bank balance, I think you're working off of is the November 2017
10 balance?

11 **Anita Duty:** Yes.

12 **Mark Swartz:** And when you made your comparison to the bank balance, it looks like they
13 were in agreement.

14 **Anita Duty:** They were.

15 **Mark Swartz:** There was a total of \$5.80, at least at that point in the bank?

16 **Anita Duty:** Yes.

17 **Mark Swartz:** That's all I have, Mr. Chairman.

18 **Butch Lambert:** Any questions from the Board? [No response] Do I have a motion?

19 **Rick Cooper:** Mr. Chairman?

20 **Butch Lambert:** Mr. Cooper.

21 **Rick Cooper:** I just need to point out here that Verna Napier, her notice is in transit. So, we
22 haven't confirmed that notice yet, but just to let you know, we just paid her out on the
23 disbursement a week or so ago. But this particular notice here, we have no confirmation that she
24 had received it, as we speak today.

25 **Donnie Rife:** But she has received and cashed checks in the past?

26 **Rick Cooper:** Right, and CNX has re-noticed them, but we had a holiday period and so, it may
27 come forward, but as we speak today, she is not noticed on this.

28 **Butch Lambert:** For the record, on this petition?

1 **Rick Cooper:** That's correct.

2 **Mark Swartz:** But, we do have her W-9.

3 **Rick Cooper:** We have her W-9 and she was paid out last week or so, on a previous
4 disbursement.

5 **Butch Lambert:** Okay. So, we have the W-9, I think we have been considering that as noticed,
6 that she has her W-9. We have verification of that?

7 **Rick Cooper:** Yes.

8 **Butch Lambert:** Okay.

9 **Anita Duty:** And, it's the same address as used in the previous disbursement.

10 **Butch Lambert:** Okay. Any other questions? [No response] So, I have a motion, do I have a
11 second? I have a second. All in favor, signify by saying yes.

12 **Board:** Yes.

13 **Butch Lambert:** Opposed, no?

14 **Butch Lambert:** Thank you, Mr. Swartz. That one is approved.

15 **Mark Swartz:** Thank you.

16 **Item Number 7**

17 **Butch Lambert:** A petition from EnerVest Operating, LLC, for pooling of unit VCI-538684.
18 Docket Number VGOB 18-0220-4158. All parties wishing to testify, please come forward.

19 **Tim Scott:** Morning.

20 **Butch Lambert:** Good morning. Good timing, Mr. Scott.

21 **Tim Scott:** There's always a crisis. Mr. Chairman, for these hearings this morning, there was an
22 issue that was raised about making the connection between the party respondent that we've listed
23 and notified.

24 **Butch Lambert:** Yes, sir.

25 **Tim Scott:** And, between that and the litigation that has now been resolved, and so, what I've
26 done as an exhibit to Mr. Anderson's testimony, is a sworn affidavit stating the litigation and
27 I've attached several plats and exhibits to that affidavit, so that you all can tell from the affidavit

1 and the exhibits, that this is, in fact, the tract in which Mr. Lamey is the trustee, pursuant to the
2 court order. Okay?

3 **Butch Lambert:** Did you also, can you supply us with the court order?

4 **Tim Scott:** It's here. We have that as well. Yes sir.

5 **Butch Lambert:** Okay, thank you.

6 **Paul Kugelman, Jr.:** Hey Butch?

7 **Butch Lambert:** Yes sir?

8 **Paul Kugelman, Jr.:** Are you passing out the affidavit that basically connects the dots here?

9 **Tim Scott:** Yes sir.

10 **Butch Lambert:** Just getting it, Paul.

11 **Paul Kugelman, Jr.:** Okay. Tell him to email me the pdf copy and the copy that I got wasn't
12 signed.

13 **Tim Scott:** It is now.

14 **Paul Kugelman, Jr.:** It is now?

15 **Tim Scott:** Yes sir.

16 **Paul Kugelman, Jr.:** Okay. That's what I wanted to make sure of. Thank you.

17 **Butch Lambert:** Yes sir, Paul. I have it and it is signed.

18 **Paul Kugelman, Jr.:** I appreciate it. Thank you.

19 **Tim Scott:** I had to grab Mr. Anderson to be able to get that done.

20 **Butch Lambert:** And Paul, we'll get these exhibits up to you, as well.

21 **Tim Scott:** I sent those, as well.

22 **Butch Lambert:** Oh, did you? Okay.

23 **Tim Scott:** Yes sir.

24 **Butch Lambert:** Thank you.

1 **Rick Cooper:** I guess we need the one of whoever has the signed copy, we'll need that for our
2 records, whoever has the signed copy.

3 **Butch Lambert:** Are you talking about the affidavit?

4 **Rick Cooper:** Yes.

5 **Butch Lambert:** I have it here.

6 **Rick Cooper:** Okay. That's all we need. We're good.

7 **Tim Scott:** And what I would like, Mr. Chairman, is for each of these docket items that is
8 testimony this morning will be incorporated for each of those, into those seven.

9 **Butch Lambert:** If during the first one, if you'll reference that, we'll take that.

10 **Tim Scott:** We'll do it.

11 **Butch Lambert:** Sarah, would you start?

12 **Sarah Gilmer:** Mr. Janson, Mr. Anderson, do you swear and affirm that your testimonies are the
13 truth, the whole truth, and nothing but the truth?

14 **Aaron Anderson/Gus Janson:** I do.

15 **Butch Lambert:** You may proceed, Mr. Scott.

16 **Tim Scott:** Thank you, Mr. Chairman. Mr. Anderson, please state your name, by whom you're
17 employed and your job description.

18 **Aaron Anderson:** I'm Aaron Anderson. I work for EnerVest Operating, LLC, as Associate
19 Landman.

20 **Tim Scott:** And you're familiar with this application?

21 **Aaron Anderson:** I am.

22 **Tim Scott:** And as indicated earlier, we had an issue regarding, or a question regarding the
23 propriety of listing Mr. Lamey as the trustee for Yellow Poplar Lumber Company, and so we've
24 provided an affidavit and exhibits to that affidavit. You have reviewed that affidavit, is that
25 right?

26 **Aaron Anderson:** I did.

27 **Tim Scott:** And you've signed it?

1 **Aaron Anderson:** I have.

2 **Tim Scott:** And contained in the affidavit, we list both cases, the federal case and the bankruptcy
3 case. Is that right?

4 **Aaron Anderson:** That's correct.

5 **Tim Scott:** And then, in addition to that, we've also included a plat showing the original 3,877.5
6 acre tract, which was described as Tract 11 in Deed Book 30, Page 226. Is that correct?

7 **Aaron Anderson:** That's correct.

8 **Tim Scott:** And so, the Board should have that. In addition, we've attached a plat that shows the
9 units, which are affected by these pooling's, and you've outlined those. Is that correct, Mr.
10 Anderson?

11 **Aaron Anderson:** That is correct.

12 **Tim Scott:** And what color did you use for those?

13 **Aaron Anderson:** Blue, I believe.

14 **Tim Scott:** Yes sir. So those should be outlined in blue. Mr. Chairman, you can see those. And
15 then, the last exhibit to your affidavit would be the order appointing Mr. Lamey as trustee. Is that
16 correct?

17 **Aaron Anderson:** That's correct.

18 **Tim Scott:** So, it would then be proper for us to have notified and be consistent with the Courts
19 order, Mr. Lamey as the party respondent to these applications. Is that correct?

20 **Aaron Anderson:** To the best of my knowledge, yes sir.

21 **Tim Scott:** Do you all have any questions?

22 **Butch Lambert:** Questions? Mrs. Quillen? [No response] Okay.

23 **Tim Scott:** Thank you.

24 **Butch Lambert:** Wait just a minute. Paul, do you have any questions?

25 **Paul Kugelman, Jr.:** No sir, I do not.

26 **Butch Lambert:** Okay.

27 **Tim Scott:** Thank you. Mr. Anderson, this unit's in the Nora Coalbed Gas Field. Is that right?

1 **Aaron Anderson:** That's correct.

2 **Tim Scott:** And it contains 58.70 acres. Is that also correct?

3 **Aaron Anderson:** That is correct.

4 **Tim Scott:** And, EnerVest does have part of this unit under a lease. Is that correct?

5 **Aaron Anderson:** We do.

6 **Tim Scott:** Are there any parties' respondent that we're going to dismiss today?

7 **Aaron Anderson:** No sir.

8 **Tim Scott:** And how was notice of this hearing provided to the parties listed on Exhibit B3?

9 **Aaron Anderson:** By Certified Mail. Return Receipt Requested.

10 **Tim Scott:** And have you provided proof of your mailing to the Board?

11 **Aaron Anderson:** Yes.

12 **Tim Scott:** Now, is EnerVest authorized to conduct business in the Commonwealth?

13 **Aaron Anderson:** Yes.

14 **Tim Scott:** And is there is blanket bond on file?

15 **Aaron Anderson:** There is.

16 **Tim Scott:** If you're able to reach an agreement with the party respondent, what would be the

17 terms that you would offer for a lease?

18 **Aaron Anderson:** \$25.00 per acre for a five-year paid up lease, with a 1/8 royalty.

19 **Tim Scott:** Okay. Do you think that's a reasonable compensation for a lease in this area?

20 **Aaron Anderson:** Yes sir.

21 **Tim Scott:** And what percentage of the gas estate does EnerVest have under lease presently?

22 **Aaron Anderson:** 51.525%

23 **Tim Scott:** Does that also include tracts in which EnerVest has a fee simple interest in the

24 minerals?

1 **Aaron Anderson:** Yes sir.

2 **Tim Scott:** What percentage of the gas are you seeking to pool today?

3 **Aaron Anderson:** 48.475%

4 **Tim Scott:** And is there an escrow requirement for this unit?

5 **Aaron Anderson:** No sir.

6 **Tim Scott:** Are you also asking that EnerVest be named as the operator of this unit?

7 **Aaron Anderson:** Yes.

8 **Tim Scott:** And if the Board grants our application today, what would be the address used for
9 any correspondence regarding this order?

10 **Aaron Anderson:** It's EnerVest Operating, LLC. 408 W. Main St., Abingdon, VA 24210.
11 Attention, Chuck Akers, Land Manager.

12 **Tim Scott:** Okay. Would that be the address for all correspondence regarding this unit?

13 **Aaron Anderson:** Yes sir.

14 **Tim Scott:** That's all I have for Mr. Anderson.

15 **Butch Lambert:** Any questions from the Board? [No response] Anything further, Mr. Scott?

16 **Tim Scott:** I've got Mr. Janson. Mr. Janson, would you please state your name, by whom you're
17 employed, and your job description?

18 **Gus Janson:** My name is Gus Janson. I'm employed by EnerVest Operating, LLC as the
19 Geology Advisor.

20 **Tim Scott:** And you're familiar with this application?

21 **Gus Janson:** I am.

22 **Tim Scott:** And, I believe our application had an incorrect depth. Is that right?

23 **Gus Janson:** Yes, on this application, the depth should be 1,962 feet, which will also correspond
24 to the AFE that was provided.

25 **Tim Scott:** Very good, and what are the reserves for this unit?

26 **Gus Janson:** The reserves are 675 million cubic feet of gas.

1 **Tim Scott:** And, are you familiar with the well costs, as well?

2 **Gus Janson:** I am.

3 **Tim Scott:** And, what's the estimated dry hole cost?

4 **Gus Janson:** Estimated dry hole cost is \$148,400.00

5 **Tim Scott:** And the completed well cost?

6 **Gus Janson:** \$349,315.00.

7 **Tim Scott:** And again, you actually participated in the preparation of the AFE. Is that right?

8 **Gus Janson:** I did.

9 **Tim Scott:** In your opinion, if the Board grants our application today, would it prevent waste,
10 protect correlative rights, and promote conservation?

11 **Gus Janson:** Yes, it would.

12 **Tim Scott:** That's all I have for Mr. Janson.

13 **Butch Lambert:** Any questions from the Board? [No response] Anything further, Mr. Scott?

14 **Tim Scott:** That's all I have on this one, Mr. Chairman.

15 **Butch Lambert:** Do I have a motion?

16 **Donnie Rife:** Motion made for approval, Mr. Chair.

17 **Butch Lambert:** Do I have a second?

18 **Mary Quillen:** Second.

19 **Butch Lambert:** I have a motion and a second. Any further discussion? [No response] All in
20 favor, signify by saying yes.

21 **Board:** Yes.

22 **Butch Lambert:** Opposed, no? [[No response] Thank you, Mr. Scott. That one is approved.

23 **Tim Scott:** Thank you, Mr. Chairman.

24 **Item Number 8**

25 **Butch Lambert:** A petition from EnerVest Operating, LLC, for pooling of unit VC-536324.
26 Docket Number VGOB 18-0220-4159. All parties wishing to testify, please come forward.

1 **Tim Scott:** Tim Scott, Gus Janson, and Aaron Anderson for EnerVest Operating, LLC.

2 **Butch Lambert:** You may proceed, Mr. Scott.

3 **Tim Scott:** Thank you, Mr. Chairman. Mr. Anderson, again, state your name, by whom you're
4 employed and your job description, please.

5 **Aaron Anderson:** Aaron Anderson. I'm employed by EnerVest Operating, LLC, as Associate
6 Landman.

7 **Tim Scott:** And you're familiar with this application. Is that correct?

8 **Aaron Anderson:** That's correct.

9 **Tim Scott:** And, Mr. Chairman, we'd ask that Mr. Anderson's testimony regarding who we
10 notified and the reason for notification to John Lamey as trustee, incorporate that testimony of
11 our reference to this particular Docket Item Number.

12 **Butch Lambert:** Accepted.

13 **Tim Scott:** Thank you. Mr. Anderson, is this unit located in the Nora Coalbed Gas Field?

14 **Aaron Anderson:** Yes sir.

15 **Tim Scott:** And, how many acres does it contain?

16 **Aaron Anderson:** 58.7.

17 **Tim Scott:** And again, we've got a substantial portion of this unit under lease. Is that right?

18 **Aaron Anderson:** That's correct.

19 **Tim Scott:** Are we going to dismiss anybody today?

20 **Aaron Anderson:** No sir.

21 **Tim Scott:** And how was the notice of this hearing provided?

22 **Aaron Anderson:** Certified Mail, Return Receipt Requested.

23 **Tim Scott:** And again, have you provided your proof of mailing to the Board?

24 **Aaron Anderson:** Yes sir.

25 **Tim Scott:** And again, is EnerVest authorized to conduct business in the Commonwealth?

26 **Aaron Anderson:** We are.

1 **Tim Scott:** And, is there a blanket bond on file?

2 **Aaron Anderson:** There is.

3 **Tim Scott:** And what lease terms would you offer to any party respondent, or to the party
4 respondent, if you could cut a deal with them?

5 **Aaron Anderson:** That would \$25.00 per acre for a 5-year paid up lease with a 1/8 royalty.

6 **Tim Scott:** And do you think this is a reasonable compensation?

7 **Aaron Anderson:** Yes sir.

8 **Tim Scott:** What percentage of the gas estate does EnerVest have in their lease presently?

9 **Aaron Anderson:** 51.525.

10 **Tim Scott:** And, this also, again, includes tracts that EnerVest is the fee simple owner, is that
11 right?

12 **Aaron Anderson:** That's correct.

13 **Tim Scott:** What percentage of the gas are you seeking to pool today?

14 **Aaron Anderson:** 48.475.

15 **Tim Scott:** Do we have an escrow requirement for this one?

16 **Aaron Anderson:** We do not.

17 **Tim Scott:** Are you requesting the Board to pool the unleased parties listed on Exhibit B3?

18 **Aaron Anderson:** Yes.

19 **Tim Scott:** And that EnerVest be named the operator?

20 **Aaron Anderson:** That's correct.

21 **Tim Scott:** And if the Board grants our order today, what would be the address used for any
22 party making elections under an order?

23 **Aaron Anderson:** That's EnerVest Operating, LLC. 408 West Main Street, Abingdon, VA
24 24210. Attention, Chuck Akers, Land Manager.

25 **Tim Scott:** Thank you, and this should be the address for all communication? Is that right?

26 **Aaron Anderson:** Yes sir.

27 **Tim Scott:** That's all I have for Mr. Anderson.

1 **Butch Lambert:** Any questions from the Board? [No response] You may continue, Mr. Scott.

2 **Tim Scott:** Thank you, Mr. Janson, please state your name, by whom you're employed, and your
3 job description.

4 **Gus Janson:** My name is Gus Janson. I'm employed by EnerVest Operating, LLC as the
5 Geology Advisor.

6 **Tim Scott:** And you're familiar with this application?

7 **Gus Janson:** I am.

8 **Tim Scott:** And what's the total depth of the proposed well?

9 **Gus Janson:** The proposed well depth is 2,083 feet.

10 **Tim Scott:** And what are the estimated reserves?

11 **Gus Janson:** Estimated reserves are 675 million cubic feet of gas.

12 **Tim Scott:** Are you also familiar with the well cost of this unit?

13 **Gus Janson:** I am.

14 **Tim Scott:** And what's the estimated dry hole cost?

15 **Gus Janson:** Estimated dry hole cost is \$142,600.00.

16 **Tim Scott:** And the estimated completed well cost?

17 **Gus Janson:** The estimated completed well cost is \$348,250.00.

18 **Tim Scott:** And again, you actually signed and helped prepared this AFE, is that right?

19 **Gus Janson:** That is correct.

20 **Tim Scott:** And in your opinion, if the Board grants our application today, would it prevent
21 waste, promote conservation, protect correlative rights?

22 **Gus Janson:** Yes.

23 **Tim Scott:** That's all I have for Mr. Janson.

24 **Butch Lambert:** Any questions from the Board? [No response] Anything further, Mr. Scott?

25 **Tim Scott:** That's all I have for this one, Mr. Chairman.

26 **Butch Lambert:** Do I have a motion?

1 **Donnie Rife:** Motion made for approval, Mr. Chair.
2 **Butch Lambert:** Do I have a second?
3 **Mary Quillen:** Second.
4 **Butch Lambert:** I have a motion and a second. Any further discussion? [No response] All in
5 favor, signify by saying yes.
6 **Board:** Yes.
7 **Butch Lambert:** Opposed, no?
8 **Butch Lambert:** Thank you, Mr. Scott, that's approved.
9 **Tim Scott:** Thank you, Mr. Chairman.

10 **Item Number 9**

11 **Butch Lambert:** A petition from EnerVest Operating, LLC, for pooling of unit VC-530526.
12 Docket Number VGOB 18-0220-4160. All parties wishing to testify, please come forward.
13 **Tim Scott:** Tim Scott, Gus Janson, and Aaron Anderson for EnerVest Operating, LLC.
14 **Butch Lambert:** You may proceed, Mr. Scott.
15 **Tim Scott:** Thank you, Mr. Chairman. Mr. Anderson, again, your name, by whom you're
16 employed and your job description, please.
17 **Aaron Anderson:** Aaron Anderson. I'm employed by EnerVest Operating, LLC, as Associate
18 Landman.
19 **Tim Scott:** And you're familiar with this application. Is that correct?
20 **Aaron Anderson:** That's correct.
21 **Tim Scott:** Mr. Chairman, again, we would request that Mr. Anderson testimony regarding who
22 we notified and the reason we notified John Lamey, trustee for Yellow Poplar Lumber Company,
23 his testimony with the prior hearing, incorporate it with this unit in this docket.
24 **Butch Lambert:** Accepted.
25 **Tim Scott:** Thank you. Mr. Anderson, is this unit located in the Nora Coalbed Gas Field?
26 **Aaron Anderson:** Yes sir.
27 **Tim Scott:** And how many acres does it contain?

1 **Aaron Anderson:** 58.72.

2 **Tim Scott:** And, EnerVest has a significant portion of this unit under lease as well. Is that right?

3 **Aaron Anderson:** That's correct.

4 **Tim Scott:** Are we going to dismiss anybody today?

5 **Aaron Anderson:** No sir.

6 **Tim Scott:** And how was noticed of this hearing provided to the parties listed on Exhibit B3?

7 **Aaron Anderson:** By Certified mail, Return Receipt Requested.

8 **Tim Scott:** And we've provided proof of mailing to the Board, is that right?

9 **Aaron Anderson:** That's correct.

10 **Tim Scott:** And again, is EnerVest authorized to transact business in the Commonwealth?

11 **Aaron Anderson:** Yes.

12 **Tim Scott:** And is there a bond on file with the department?

13 **Aaron Anderson:** There is.

14 **Tim Scott:** What would be the lease terms you would offer if you could reach an agreement with
15 the parties listed on Exhibit B3?

16 **Aaron Anderson:** That would be \$25.00 per acre for a five-year paid up lease, with a 1/8
17 royalty.

18 **Tim Scott:** And you consider that to be reasonable compensation for a lease in this area?

19 **Aaron Anderson:** Yes sir.

20 **Tim Scott:** And what percentage of the gas estate does EnerVest have under lease presently?

21 **Aaron Anderson:** 99.44%.

22 **Tim Scott:** And again, this included tracts that EnerVest has a fee simple interest in. Is that
23 right?

24 **Aaron Anderson:** Yes.

25 **Tim Scott:** What percentage of the gas estate are you seeking to pool?

1 **Aaron Anderson:** 0.56%.

2 **Tim Scott:** Do we have a requirement for an escrow for this unit?

3 **Aaron Anderson:** No sir.

4 **Tim Scott:** And you are requesting the Board to pool the parties listed on Exhibit B3?

5 **Aaron Anderson:** Yes.

6 **Tim Scott:** And also, that EnerVest should be named the operator of this unit?

7 **Aaron Anderson:** That's correct.

8 **Tim Scott:** And if the Board grants our application today, what would be the address used for
9 any elections made under an order entered by the Board?

10 **Aaron Anderson:** EnerVest Operating, LLC. 408 W. Main St., Abingdon, VA 24210.
11 Attention, Chuck Akers, Land Manager.

12 **Tim Scott:** And should that be the address for all communication regarding this unit?

13 **Aaron Anderson:** Yes sir.

14 **Tim Scott:** Thank you, Mr. Anderson. That's all I have for Mr. Anderson.

15 **Butch Lambert:** Any questions from the Board? [No response] You may continue, Mr. Scott.

16 **Tim Scott:** Thank you, Mr. Chairman. Mr. Janson, your name, by whom you're employed, and
17 your job description, please.

18 **Gus Janson:** My name is Gus Janson. I'm employed by EnerVest Operating, LLC as the
19 Geology Advisor.

20 **Tim Scott:** And you're familiar with this application. Is that right?

21 **Gus Janson:** Yes, I am.

22 **Tim Scott:** And you're familiar with the total depth of the proposed well?

23 **Gus Janson:** Yes. The proposed well depth is 2,435 feet.

24 **Tim Scott:** And what are the estimated reserves of this unit?

25 **Gus Janson:** The estimated reserves are 850 million cubic feet of gas.

26 **Tim Scott:** You're also familiar with the well cost?

1 **Gus Janson:** Yes.

2 **Tim Scott:** What's the estimated dry hole cost?

3 **Gus Janson:** The estimated dry hole cost is \$145,200.00

4 **Tim Scott:** And the completed well cost?

5 **Gus Janson:** \$345,800.00.

6 **Tim Scott:** And you actually signed this AFE, is that right?

7 **Gus Janson:** That is correct.

8 **Tim Scott:** So, in the event that the Board grants our application today, would it be your opinion
9 that it would prevent waste, promote conservation, and protect correlative rights?

10 **Gus Janson:** Yes, it would.

11 **Tim Scott:** That's all I have for Mr. Janson.

12 **Butch Lambert:** Any questions from the Board? [No response] Anything further, Mr. Scott?

13 **Tim Scott:** That's all I have, Mr. Chairman.

14 **Butch Lambert:** Do I have a motion?

15 **Donnie Rife:** Motion for approval, Mr. Chair.

16 **Mary Quillen:** Second.

17 **Butch Lambert:** I have a motion and a second. Any further discussion? [No response] All in
18 favor, signify by saying yes.

19 **Board:** Yes.

20 **Butch Lambert:** Opposed, no? [No response] Thank you, Mr. Scott, that one is approved.

21 **Tim Scott:** Thank you, Mr. Chairman. I'm going to get some water, Mr. Chairman.

22 **Butch Lambert:** Yes sir.

23 **Item Number 10**

24 **Butch Lambert:** A petition from EnerVest Operating, LLC, for pooling of unit VCI-530527.
25 Docket Number VGOB 18-0220-4161. All parties wishing to testify, please come forward.

26 **Tim Scott:** Tim Scott, Gus Janson, and Aaron Anderson for EnerVest Operating, LLC.

1 **Butch Lambert:** You may proceed, Mr. Scott.

2 **Tim Scott:** Thank you, Mr. Chairman. Mr. Anderson, your name and by whom you're
3 employed.

4 **Aaron Anderson:** Aaron Anderson. I'm employed by EnerVest Operating, LLC, as Associate
5 Landman.

6 **Tim Scott:** And you're familiar with this application. Is that correct?

7 **Aaron Anderson:** That's correct.

8 **Tim Scott:** And, Mr. Chairman, again, we'd like to incorporate and reference Mr. Anderson's
9 testimony regarding who we notified, John Lamey as trustee, for Yellow Poplar Lumber
10 Company.

11 **Butch Lambert:** Accepted.

12 **Tim Scott:** Thank you. Mr. Anderson, is this unit located in the Nora Coalbed Gas Field?

13 **Aaron Anderson:** Yes sir.

14 **Tim Scott:** And how many acres does it contain?

15 **Aaron Anderson:** 58.72.

16 **Tim Scott:** And, again, does EnerVest has a substantial portion of this unit under lease?

17 **Aaron Anderson:** Yes.

18 **Tim Scott:** Are we going to dismiss the party respondent that we've listed today?

19 **Aaron Anderson:** No sir.

20 **Tim Scott:** And how was Mr. Lamey notified of this hearing?

21 **Aaron Anderson:** By Certified mail, Return Receipt Requested.

22 **Tim Scott:** And we've provided proof of mailing to the Board?

23 **Aaron Anderson:** Yes sir.

24 **Tim Scott:** EnerVest authorized to conduct business in the Commonwealth, is that correct?

25 **Aaron Anderson:** That's correct.

26 **Tim Scott:** And there is a blanket bond on file?

1 **Aaron Anderson:** Yes.

2 **Tim Scott:** And, if you were able to reach an agreement with Mr. Lamey, what would be the
3 terms you would offer him for a least for his interest?

4 **Aaron Anderson:** \$25.00 per acre for a five-year paid up lease, with a 1/8 royalty.

5 **Tim Scott:** And this is a fair compensation?

6 **Aaron Anderson:** Yes sir.

7 **Tim Scott:** What percentage of the gas estate does EnerVest have under lease?

8 **Aaron Anderson:** 94.37%.

9 **Tim Scott:** And this does include tracts in which EnerVest has a fee simple interest in the
10 minerals. Is that right?

11 **Aaron Anderson:** Yes sir.

12 **Tim Scott:** What percentage of the gas estate are we seeking to pool today?

13 **Aaron Anderson:** 5.63%.

14 **Tim Scott:** With regard to this unit, do we have an escrow requirement?

15 **Aaron Anderson:** No sir.

16 **Tim Scott:** And you are requesting the Board to pool the unleased party listed on Exhibit B3?

17 **Aaron Anderson:** Yes sir.

18 **Tim Scott:** And that EnerVest be named the operator?

19 **Aaron Anderson:** Yes.

20 **Tim Scott:** And in the event the Board grants our application today, what would be the address
21 used for any parties making an election made under the approved order?

22 **Aaron Anderson:** EnerVest Operating, LLC. 408 W. Main St., Abingdon, VA 24210.
23 Attention, Chuck Akers, Land Manager.

24 **Tim Scott:** And is this the address that should be used for all correspondence with regard to this
25 unit?

26 **Aaron Anderson:** Yes sir.

1 **Tim Scott:** That's all I have for Mr. Anderson.

2 **Butch Lambert:** Any questions from the Board? [No response] You may continue, Mr. Scott.

3 **Tim Scott:** Thank you, Mr. Chairman. Mr. Janson, your name, by whom you're employed, and
4 your job description, please.

5 **Gus Janson:** My name is Gus Janson. I'm employed by EnerVest Operating, LLC as the
6 Geology Advisor.

7 **Tim Scott:** And you're familiar with this application. Is that right?

8 **Gus Janson:** I am.

9 **Tim Scott:** And are you familiar with the total depth of the proposed well?

10 **Gus Janson:** Yes. The total depth of the proposed well is 2,430 feet.

11 **Tim Scott:** And what are the estimated reserves for this well?

12 **Gus Janson:** The estimated reserves are 850 million cubic feet of gas.

13 **Tim Scott:** You're also familiar with the well cost for this proposed well?

14 **Gus Janson:** Yes, I am.

15 **Tim Scott:** What's the estimated dry hole cost?

16 **Gus Janson:** The estimated dry hole cost is \$158,100.00

17 **Tim Scott:** And the estimated completed well cost?

18 **Gus Janson:** \$361,100.00

19 **Tim Scott:** And you helped prepare the AFE, that was submitted with our application. Is that
20 right?

21 **Gus Janson:** I did.

22 **Tim Scott:** So, you are knowledgeable about it's contents and the well cost. Is that right?

23 **Gus Janson:** I am.

24 **Tim Scott:** So, in your opinion, if the Board grants our application today, would it promote
25 conservation, prevent waste, and protect correlative rights?

26 **Gus Janson:** Yes, it would.

1 **Tim Scott:** That's all I have for Mr. Janson.

2 **Butch Lambert:** Any questions from the Board? [No response] Anything further, Mr. Scott?

3 **Tim Scott:** That's all I have for this one, Mr. Chairman.

4 **Butch Lambert:** Do I have a motion?

5 **Donnie Rife:** Motion made for approval, Mr. Chair.

6 **Mary Quillen:** Second.

7 **Butch Lambert:** I have a motion and a second. Any further discussion? [No response] All in
8 favor, signify by saying yes.

9 **Board:** Yes.

10 **Butch Lambert:** Opposed, no? [No response] Thank you, Mr. Scott, that one is approved.

11 **Tim Scott:** Thank you, Mr. Chairman.

12 **Item Number 11**

13 **Butch Lambert:** A petition from EnerVest Operating, LLC, for pooling of unit Haysi-119.
14 Docket Number VGOB 18-0220-4162. All parties wishing to testify, please come forward.

15 **Tim Scott:** Tim Scott, Gus Janson, and Aaron Anderson for EnerVest Operating, LLC.

16 **Butch Lambert:** You may begin, Mr. Scott.

17 **Tim Scott:** Thank you. Mr. Anderson, your name, by whom you're employed and your job
18 description.

19 **Aaron Anderson:** Aaron Anderson. I'm employed by EnerVest Operating, LLC, as Associate
20 Landman.

21 **Tim Scott:** And you participated in the preparation of this application. Is that correct?

22 **Aaron Anderson:** That's correct.

23 **Tim Scott:** And, Mr. Chairman, at this time we would ask that Mr. Anderson's testimony
24 regarding why we noticed Mr. Lamey as the trustee for Yellow Poplar Lumber Company into
25 this docket item, as well.

26 **Butch Lambert:** Accepted.

27 **Tim Scott:** Thank you. Mr. Anderson, is this unit located in the Nora Coalbed Gas Field?

1 **Aaron Anderson:** Yes sir.

2 **Tim Scott:** And how many acres does it contain?

3 **Aaron Anderson:** 58.72.

4 **Tim Scott:** Again, we have a substantial portion of this unit under lease. Is that correct?

5 **Aaron Anderson:** That's correct.

6 **Tim Scott:** Are we going to dismiss Mr. Lamey from this application today?

7 **Aaron Anderson:** No sir.

8 **Tim Scott:** And how was he provided of notice of this hearing?

9 **Aaron Anderson:** By Certified mail, Return Receipt Requested.

10 **Tim Scott:** And we've provided proof of mailing to the Board?

11 **Aaron Anderson:** Yes sir.

12 **Tim Scott:** Is EnerVest authorized to conduct business in the Commonwealth?

13 **Aaron Anderson:** Yes.

14 **Tim Scott:** And is there a blanket bond on file with the department?

15 **Aaron Anderson:** Yes sir.

16 **Tim Scott:** Again, if you were able to reach an agreement with Mr. Lamey, what would be the
17 lease terms you would offer?

18 **Aaron Anderson:** \$25.00 per acre for a five-year paid up lease, with a 1/8 royalty.

19 **Tim Scott:** And again, do you consider this to be fair and reasonable compensation for a lease in
20 this area?

21 **Aaron Anderson:** That's correct.

22 **Tim Scott:** What percentage of the gas estate does EnerVest have under lease?

23 **Aaron Anderson:** 94.37%.

24 **Tim Scott:** And again, does this percentage include tracts in which EnerVest has a fee simple
25 interest in the minerals?

1 **Aaron Anderson:** Yes.

2 **Tim Scott:** What percentage of the gas estate are you seeking to pool today?

3 **Aaron Anderson:** 5.63%.

4 **Tim Scott:** And, is there an escrow requirement for this unit?

5 **Aaron Anderson:** No sir.

6 **Tim Scott:** And you are you asking the Board to pool the unleased party listed on Exhibit B3
7 today?

8 **Aaron Anderson:** Yes.

9 **Tim Scott:** And that EnerVest also be named the operator for this unit?

10 **Aaron Anderson:** Yes.

11 **Tim Scott:** And, if the Board grants our application today and elections are sent out, what would
12 be the address used for making any elections under the order?

13 **Aaron Anderson:** EnerVest Operating, LLC. 408 W. Main St., Abingdon, VA 24210.
14 Attention, Chuck Akers, Land Manager.

15 **Tim Scott:** And, would that be the address for all correspondence concerning the pooling order?

16 **Aaron Anderson:** It would.

17 **Tim Scott:** That's all I have for Mr. Anderson.

18 **Butch Lambert:** Any questions from the Board? [No response] You may continue, Mr. Scott.

19 **Tim Scott:** Mr. Janson, your name, by whom you're employed, and your job description, please.

20 **Gus Janson:** My name is Gus Janson. I'm employed by EnerVest Operating, LLC as the
21 Geology Advisor.

22 **Tim Scott:** And you participated in the preparation of this application. Is that right?

23 **Gus Janson:** I did.

24 **Tim Scott:** Are you familiar with the total depth of the proposed well?

25 **Gus Janson:** Yes. The proposed depth of the well is 2,470 feet.

26 **Tim Scott:** And what are the estimated reserves for this unit?

1 **Gus Janson:** The estimated reserves are 850 million cubic feet of gas.

2 **Tim Scott:** And you just testified that you participated in this application, is that right?

3 **Gus Janson:** I did.

4 **Tim Scott:** So, you're familiar with the proposed well cost?

5 **Gus Janson:** I am.

6 **Tim Scott:** What's the estimated dry hole cost?

7 **Gus Janson:** The estimated dry hole cost is \$153,800.00

8 **Tim Scott:** And the estimated completed well cost?

9 **Gus Janson:** \$358,150.00.

10 **Tim Scott:** And, in your opinion, if the Board grants our application today, would it promote
11 conservation, prevent waste, and protect correlative rights?

12 **Gus Janson:** Yes, it would.

13 **Tim Scott:** That's all I have for Mr. Janson.

14 **Butch Lambert:** Any questions from the Board? [No response] Anything further, Mr. Scott?

15 **Tim Scott:** That's all I have for this one, Mr. Chairman.

16 **Butch Lambert:** Do I have a motion?

17 **Donnie Rife:** Motion made for approval, Mr. Chair.

18 **Mary Quillen:** Second.

19 **Butch Lambert:** I have a motion and a second. Any further discussion? [No response] All in
20 favor, signify by saying yes.

21 **Board:** Yes.

22 **Butch Lambert:** Opposed, no? [No response] Thank you, Mr. Scott, that one is approved.

23 **Tim Scott:** Thank you, Mr. Chairman.

24 **Item Number 12**

25 **Butch Lambert:** A petition from EnerVest Operating, LLC for pooling of unit Haysi-76. Docket
26 Number VGOB 18-0220-4163. All parties wishing to testify, please come forward.

1 **Tim Scott:** Again, Tim Scott, Gus Janson, and Aaron Anderson for EnerVest Operating, LLC.

2 **Butch Lambert:** You may proceed, Mr. Scott.

3 **Tim Scott:** Thank you, Mr. Chairman. Mr. Anderson, again, your name, by whom you're

4 employed and your job description, please.

5 **Aaron Anderson:** Aaron Anderson. I'm employed by EnerVest Operating, LLC, as Associate

6 Landman.

7 **Tim Scott:** And you're familiar with this application. Is that correct?

8 **Aaron Anderson:** That's correct.

9 **Tim Scott:** And you did participate in the preparation of the application?

10 **Aaron Anderson:** Yes sir.

11 **Tim Scott:** And at this time, Mr. Chairman, we'd ask that Mr. Anderson's testimony regarding

12 the reason for listing the party respondent, John Lamey, trustee for Yellow Poplar Lumber

13 Company, as a part of his testimony to this docket item.

14 **Butch Lambert:** Accepted.

15 **Tim Scott:** Mr. Anderson, is this unit located within the Nora Coalbed Gas Field?

16 **Aaron Anderson:** It is.

17 **Tim Scott:** And how many acres does this unit contain?

18 **Aaron Anderson:** 58.7.

19 **Tim Scott:** Again, EnerVest does have a substantial portion of this unit under lease. Is that right?

20 **Aaron Anderson:** We do.

21 **Tim Scott:** Are we going to dismiss the party respondent listed on Exhibit B3 today?

22 **Aaron Anderson:** No sir.

23 **Tim Scott:** And how was he notified of this hearing?

24 **Aaron Anderson:** By Certified mail, Return Receipt Requested.

25 **Tim Scott:** And we've provided proof of mailing to the Board?

26 **Aaron Anderson:** We have.

1 **Tim Scott:** And again, is EnerVest authorized to transact business in the Commonwealth?

2 **Aaron Anderson:** Yes.

3 **Tim Scott:** And is there a blanket bond on file with the department?

4 **Aaron Anderson:** Yes sir.

5 **Tim Scott:** Again, if you were able to reach an agreement with Mr. Lamey, what would be the
6 lease terms you would offer for a lease?

7 **Aaron Anderson:** \$25.00 per acre for a five-year paid up lease, with a 1/8 royalty.

8 **Tim Scott:** And you consider this to be reasonable compensation for a lease in this area?

9 **Aaron Anderson:** We do.

10 **Tim Scott:** What percentage of the gas estate does EnerVest have under lease, presently?

11 **Aaron Anderson:** 94.345%.

12 **Tim Scott:** And again, this does include fee simple interest EnerVest has in the minerals, is that
13 right?

14 **Aaron Anderson:** Yes.

15 **Tim Scott:** What percentage of the gas estate are you seeking to pool today?

16 **Aaron Anderson:** 5.655%.

17 **Tim Scott:** And, do we have an escrow requirement for this unit?

18 **Aaron Anderson:** No.

19 **Tim Scott:** And are you requesting the Board to pool the unleased party listed on Exhibit B3?

20 **Aaron Anderson:** Yes.

21 **Tim Scott:** And that EnerVest be named the operator for this unit?

22 **Aaron Anderson:** Yes sir.

23 **Tim Scott:** And, if the Board grants our application today and elections are sent out with regard
24 to this order, what would be the address used in making any elections?

1 **Aaron Anderson:** EnerVest Operating, LLC. 408 W. Main St., Abingdon, VA 24210.
2 Attention, Chuck Akers, Land Manager.

3 **Tim Scott:** And, would that be the address for all communications regarding this order?

4 **Aaron Anderson:** Yes sir.

5 **Tim Scott:** That's all I have for Mr. Anderson.

6 **Butch Lambert:** Any questions from the Board? [No response] You may continue, Mr. Scott.

7 **Tim Scott:** Thank you, Mr. Chairman. Mr. Janson, your name, by whom you're employed, and
8 your job description, please.

9 **Gus Janson:** My name is Gus Janson. I'm employed by EnerVest Operating, LLC as the
10 Geology Advisor.

11 **Tim Scott:** And you helped in the preparation of this application. Is that right?

12 **Gus Janson:** I did.

13 **Tim Scott:** Are you familiar with the depth of the proposed well?

14 **Gus Janson:** Yes. The proposed depth of the well is 1,900 feet.

15 **Tim Scott:** And what are the estimated reserves for this unit?

16 **Gus Janson:** The estimated reserves are 850 million cubic feet of gas.

17 **Tim Scott:** Are you also familiar with the well cost for this proposed well?

18 **Gus Janson:** I am.

19 **Tim Scott:** What's the estimated dry hole cost?

20 **Gus Janson:** The estimated dry hole cost is \$158,200.00

21 **Tim Scott:** And the completed well cost?

22 **Gus Janson:** \$366,800.00.

23 **Tim Scott:** And again, you did sign off on the AFE. Is that right?

24 **Gus Janson:** I did.

25 **Tim Scott:** So, in the event the Board grants our application today, is it your opinion that it
26 would it promote conservation, prevent waste, and protect correlative rights?

1 **Gus Janson:** Yes, it would.

2 **Tim Scott:** That's all I have for Mr. Janson.

3 **Butch Lambert:** Any questions from the Board? [No response] Anything further, Mr. Scott?

4 **Tim Scott:** That's all, Mr. Chairman.

5 **Butch Lambert:** Do I have a motion?

6 **Donnie Rife:** Motion made for approval, Mr. Chair.

7 **Mary Quillen:** Second.

8 **Butch Lambert:** I have a motion and a second. Any further discussion? [No response] All in
9 favor, signify by saying yes.

10 **Board:** Yes.

11 **Butch Lambert:** Opposed, no? [No response] Thank you, Mr. Scott, that one is approved.

12 **Tim Scott:** Thank you, Mr. Chairman.

13 **Item Number 13**

14 **Butch Lambert:** A petition from EnerVest Operating, LLC, for pooling of unit VC-531475.
15 Docket Number VGOB 18-0220-4164. All parties wishing to testify, please come forward.

16 **Tim Scott:** Tim Scott, Gus Janson, and Aaron Anderson for EnerVest Operating, LLC.

17 **Butch Lambert:** You may proceed, Mr. Scott.

18 **Tim Scott:** Thank you, Mr. Chairman. Mr. Anderson, one more time, your name, by whom
19 you're employed and your job description.

20 **Aaron Anderson:** Aaron Anderson. I'm employed by EnerVest Operating, LLC, as Associate
21 Landman.

22 **Tim Scott:** So, you have participated in the preparation of this application. Is that right?

23 **Aaron Anderson:** That's correct.

24 **Tim Scott:** And, Mr. Chairman, at this time, I'd ask that Mr. Anderson's testimony regarding
25 why we notified John Lamey as the trustee for Yellow Poplar Lumber Company, be incorporated
26 by reference into this docket item.

27 **Butch Lambert:** Accepted.

1 **Tim Scott:** Thank you. Mr. Anderson, is this unit located in the Nora Coalbed Gas Field?

2 **Aaron Anderson:** Yes.

3 **Tim Scott:** Mr. Anderson, how many acres does this unit contain, please?

4 **Aaron Anderson:** 58.73.

5 **Tim Scott:** EnerVest has substantial portion of this unit under lease. Is that right?

6 **Aaron Anderson:** That's correct.

7 **Tim Scott:** Are we going to dismiss Mr. Lamey today?

8 **Aaron Anderson:** No sir.

9 **Tim Scott:** And how was notice of this hearing provided to him?

10 **Aaron Anderson:** By Certified mail with Return Receipt Requested.

11 **Tim Scott:** And we have provided proof of mailing to the Board, is that right?

12 **Aaron Anderson:** That's correct.

13 **Tim Scott:** And again, EnerVest is authorized to transact business in the Commonwealth?

14 **Aaron Anderson:** We are.

15 **Tim Scott:** And, EnerVest has a blanket bond on file with the department, is that right?

16 **Aaron Anderson:** We do.

17 **Tim Scott:** If you're able to reach an agreement with Mr. Lamey, what would be the terms that

18 you would offer him for a lease, covering this interest?

19 **Aaron Anderson:** \$25.00 per acre for a five-year paid up lease, with a 1/8 royalty.

20 **Tim Scott:** And again, you consider this to be fair compensation for a lease for this interest?

21 **Aaron Anderson:** Yes sir.

22 **Tim Scott:** What percentage of the gas estate does EnerVest have under lease?

23 **Aaron Anderson:** 95.19%.

24 **Tim Scott:** And again, this does include interest in which EnerVest has a fee simple interest. Is

25 that right? For ownership?

1 **Aaron Anderson:** Yes.

2 **Tim Scott:** What percentage of the gas estate are you seeking to pool today?

3 **Aaron Anderson:** 4.81%.

4 **Tim Scott:** And, do we have an escrow requirement for this unit?

5 **Aaron Anderson:** No sir.

6 **Tim Scott:** Are you asking the Board to pool the unleased party listed on Exhibit B3?

7 **Aaron Anderson:** Yes sir.

8 **Tim Scott:** And that EnerVest be named as the operator of this unit. Is that right?

9 **Aaron Anderson:** That's correct.

10 **Tim Scott:** If the Board grants our application today and elections are sent out to the party
11 respondent listed on Exhibit B3, what would be the address for making any elections?

12 **Aaron Anderson:** EnerVest Operating, LLC. 408 W. Main St., Abingdon, VA 24210.
13 Attention, Chuck Akers, Land Manager.

14 **Tim Scott:** Would that be the address for any correspondence regarding this order?

15 **Aaron Anderson:** Yes sir.

16 **Tim Scott:** That's all I have for Mr. Anderson.

17 **Butch Lambert:** Any questions from the Board? [No response] You may continue, Mr. Scott.

18 **Tim Scott:** Thank you, Mr. Chairman. One more time, Mr. Janson, your name, by whom you're
19 employed, and your job description.

20 **Gus Janson:** My name is Gus Janson. I'm employed by EnerVest Operating, LLC as the
21 Geology Advisor.

22 **Tim Scott:** And your familiar with this application. Is that right?

23 **Gus Janson:** I am.

24 **Tim Scott:** And you also participated in the preparation of this application. Is that also correct?

25 **Gus Janson:** I did.

26 **Tim Scott:** Are you familiar with total depth of the proposed well?

1 **Gus Janson:** Yes. The proposed depth of the well is 2,536 feet.

2 **Tim Scott:** And what are the estimated reserves for this unit?

3 **Gus Janson:** The estimated reserves are 675 million cubic feet of gas.

4 **Tim Scott:** Are you also familiar with the well cost for this proposed well?

5 **Gus Janson:** Yes.

6 **Tim Scott:** What's the estimated dry hole cost?

7 **Gus Janson:** The estimated dry hole cost is \$145,100.00

8 **Tim Scott:** And the completed well cost?

9 **Gus Janson:** \$358,550.00.

10 **Tim Scott:** And again, you did sign the AFE. Is that right?

11 **Gus Janson:** I did.

12 **Tim Scott:** So, in your opinion, if the Board grants our application today, would it promote
13 conservation, prevent waste, and protect correlative rights?

14 **Gus Janson:** Yes, it would.

15 **Tim Scott:** That's all I have for Mr. Janson.

16 **Butch Lambert:** Any questions from the Board? [No response] Anything further, Mr. Scott?

17 **Tim Scott:** That's all, Mr. Chairman.

18 **Butch Lambert:** Do I have a motion?

19 **Donnie Rife:** Motion made for approval, Mr. Chair.

20 **Mary Quillen:** Second.

21 **Butch Lambert:** I have a motion and a second. Any further discussion? [No response] All in
22 favor, signify by saying yes.

23 **Board:** Yes.

24 **Butch Lambert:** Opposed, no? [No response] Thank you, Mr. Scott, that one is approved.

25 **Tim Scott:** Thank you.

1 **Butch Lambert:** Thank you, gentlemen.

2 **Item Number 14**

3 **Butch Lambert:** At this time the Board will receive an update of Board and Division activities
4 from the staff. Mr. Cooper.

5 **Rick Cooper:** I guess I wanted to update the Board on us trying to resolve the
6 unknown/unlocatable issues. That's a pretty complicated detailed accounting and we're
7 continuing to do that, and we're meeting with CNX this afternoon in regard to that, but we're
8 continuing to do that. We still think that unknown/unlocatable are between \$3 and \$3.5 million.
9 We're just trying to balance that account out so that in the future we won't ever have that
10 problem again. We're making a lot of success on that and hopefully, at our next Board meeting
11 we can report that out to you, is what we intend to do. And, since the coal dismissal bill was
12 approved, as you can see, we've disbursed a little over \$19 million, which is pretty good. These
13 are pretty complicated issues and so, of the little over \$10 million left, we think about \$7.3 million
14 of that can be disbursed, and the other \$3-3.5 million is probably unknown/unlocatable and
15 litigation, that type of thing, but we'll report a more accurate detail of that in the future.

16 **Butch Lambert:** Rick, would that also include what we heard today; checks not cashed, that was
17 \$45,000?

18 **Rick Cooper:** As the total balance left? It's over \$10 million, about \$10.6 or \$10.8 million that
19 remains in the account, and that does account for those W-9 people. No W-9 people.

20 **Butch Lambert:** That does account for those?

21 **Rick Cooper:** The total value in there, yes, it does. And so, again, we think, don't know the rate,
22 but we think about \$7 more million can come out through the disbursements and a little over \$3
23 million, between \$3-\$3.5 million is the unknown/unlocatable, and we hope to report a really
24 accurate number on that.

25 **Donnie Rife:** Are we still working with our legislative group to possibly, if we got funding, that
26 can't be disbursed, to be distributed back to the localities in which the gas was drilled, instead of
27 giving it to the Commonwealth?

28 **Rick Cooper:** Are you there, Mr. Kugelman, Butch?

29 **Butch Lambert:** As a state agency, we prohibited from taking on those kinds of activities?

30 **Donnie Rife:** That's left up to the local government?

31 **Butch Lambert:** Yes sir.

1 **Paul Kugelman, Jr.:** I am here Rick. Are there any concerns?

2 **Rick Cooper:** No, Mr. Rife had just asked, how to disburse the unknown/unlocatable, and Butch
3 said that that's local, elective officials are taking care of that, not the VGOB.

4 **Paul Kugelman, Jr.:** Okay.

5 **Rick Cooper:** And the only other thing I want to report on, we're continuing to tie the permitting
6 to the Board issues. Historically, you know, they don't really talk to each other and it's been very
7 difficult over the years, if you look at these accounts. So, if a permit expires, you had to
8 manually go in and expire the Board Order, and we're tying those together, so that if the permit
9 expires, it will send 30 days in advance to the operator and all the people involved, that this
10 permit is going to expire and the Board Order associated with that will expire. We think it will be
11 a more efficient process once we get it implemented and we hope to have that in the next 30-60
12 days.

13 **Butch Lambert:** So, Rick, the bank reported out that we have just over \$131,000, almost
14 \$132,000 that checks not cashed, plus \$45,000 of no W-9's, so that's part of your total
15 calculations.

16 **Rick Cooper:** Yes, and just to let you know, she reports, which is a record year, \$8.2 million
17 disbursed out in the calendar year, and that is a record year, and you can see the remaining
18 balance. We probably will never break that in an annual year, and so I report here on a fiscal year,
19 from July 1st until June 30th. That's the reason our numbers don't exactly match up. That's all I
20 have, sir.

21 **Butch Lambert:** Good job. Any questions for Rick?

22 **Mary Quillen:** This is impressive.

23 **Donnie Rife:** Yes. I feel like we're getting something done.

24 **Mary Quillen:** When we first started working on this, it seemed like it was so over-whelming
25 that we would never see this point.

26 **Rick Cooper:** You know, we sometimes still feel that way. Some of these are pretty
27 complicated. I think we've gotten some that's gotten 500 people in one account.

28 **Mary Quillen:** Your whole office has done an outstanding job.

29 **Rick Cooper:** I give the office the credit for this. They've done really well to break this down
30 and make a complicated process, there's a lot of people involved in this. It's worked out really
31 well. It's been a great program, it's just been very difficult to get it going and keep it moving, but

1 I give credit to the operators too. They've been very cooperative on this, so, it's worked out a lot
2 better than what a lot of people would have thought.

3 **Mary Quillen:** Well, it's been team work, really. I mean, anything you do, if you don't have the
4 whole team involved, it's much more difficult to be successful, and I think everybody has.

5 **Rick Cooper:** I agree. Everybody has gotten their second and third, probably on their fourth
6 wind trying to get these processed, but we'll continue to do that.

7 **Donnie Rife:** Well, I've got to give this Board a little credit for a little bit of push too, because
8 teamwork don't just come by itself. Somebody's got to have some direction and guide, and it's
9 been a good Board to work with.

10 **Rick Cooper:** I agree. It has been, and hope to continue that in the next few years as we get this
11 down to as low as we can get it. One day, I don't know what day, one day we may get it down to
12 zero, but I think it's two or three years off.

13 **Butch Lambert:** Thank you, Rick. I appreciate it.

14 **Item Number 15**

15 **Butch Lambert:** The Board will review the minutes of our December meeting for approval. Do
16 we have any adjustments to those? If not, I'll ask for a motion to approve.

17 **Donnie Ratliff:** Motion to approve the minutes of December, as presented, Mr. Chair.

18 **Mary Quillen:** Second.

19 **Butch Lambert:** I have a motion and I have a second. All in favor, signify by saying yes.

20 **Board:** Yes.

21 **Butch Lambert:** Opposed no? [No response] Do I have a motion to adjourn?

22 **Mary Quillen:** Motion to adjourn.

23 **Donnie Rife:** I'll second that.

24 **Butch Lambert:** I have a motion and I have a second. All in favor, signify by saying yes.

25 **Board:** Yes. Thank you, folks.